

Data Sheet

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| USAID Mission: | Colombia |
| Program Title: | Alternative Development |
| Pillar: | Economic Growth, Agriculture and Trade |
| Strategic Objective: | 514-008 |
| Status: | Continuing |
| Planned FY 2006 Obligation: | \$69,808,000 ACI |
| Prior Year Unobligated: | \$0 |
| Proposed FY 2007 Obligation: | \$71,192,000 ACI |
| Year of Initial Obligation: | 2000 |
| Estimated Year of Final Obligation: | 2008 |

Summary: USAID's alternative development program creates an environment for sustainable and equitable economic growth to create permanent licit alternative income-generation opportunities in areas vulnerable to drug production and trafficking. The program stimulates increased private investment and creates the policy and institutional conditions required to sustain and accelerate private investment-based job and income creation. Components of the program also link alternative development to improved local governance, providing the critical nexus of physical, social, and security infrastructure services necessary to permanently strengthen social ties between the state and its citizenry in vulnerable communities.

Inputs, Outputs, Activities:

FY 2006 Program:

Develop and Expand Alternative Development (\$36,000,000 ACI): USAID is providing technical assistance, training and logistical support through an innovative program to combat illicit crops by exploring economic opportunities and social alternatives while strengthening municipalities and implementing community development activities in selected areas. Working with farmer groups, non-governmental organizations, local business associations, and other organizations, USAID will promote production of licit crops on approximately 20,000 hectares to generate alternative employment and increase licit agricultural outputs and exports. An estimated 15,000 families are expected to benefit under this program that promotes agricultural and non-agricultural economic alternatives. In addition, USAID is assisting nonagricultural small and medium-sized private enterprises to generate employment. Prime contractors include: Associates in Rural Development (ARD), Carana, Panamerican Development Foundation (PADF), Agricultural Cooperative Development International/Volunteers for Overseas Cooperative Assistance (ACDI/VOCA), Land O'Lakes and Chemonics.

Improve Economic Policy and the Business Environment (\$2,000,000 ACI): Technical assistance is being promoting critical policy and regulatory reforms needed to enhance the efficiency of financial markets and promote the development of innovative financial instruments. Over \$20 million of the small and medium-sized private enterprise capital fund previously leveraged from private sector institutions will be invested to promote sustainable extension of competitive financial services to small businesses and expand licit economic opportunities. Prime implementer: Small Enterprise Assistance Fund.

Improve Private Sector Competitiveness (\$22,308,000 ACI): USAID is providing technical assistance and training to mobilize private sector investment in agribusiness, forestry, and small and medium enterprise in economic growth regions. Investments are providing increased employment and farmer income for a largely rural-based labor force in areas certified to be free of illicit crops. USAID will work with national level institutions in the public and private sectors to improve the investment environment, including trade capacity building and policy reform. Prime contractor: ARD.

Improve Sustainable Management of Natural Resources and Biodiversity (\$2,100,000 ACI): USAID will provide technical assistance and training to promote sustainable agroforestry in or near national parks to improve the overall management of the Colombian park system. Technical assistance is helping to improve management of critical buffer zones around national parks in order to sustain the rich biodiversity of the country and to thwart the introduction of illicit crops in these areas. USAID supports non-governmental organizations working with indigenous communities to strengthen local governance and preserve traditional culture. Prime implementers: Amazon Conservation Team, Chemonics, and the U.S. Department of Interior Park Service.

Support Democratic Local Government and Decentralization (\$7,400,000 ACI): USAID will provide technical assistance for local governance activities in 50 municipalities to improve services and strengthen their fiscal soundness. USAID is implementing local infrastructure projects such as road improvements, schools, sewage and water systems. Technical assistance will engage communities in collective decision-making and actions to eliminate illicit crop production and narco-trafficking activities. Citizen oversight committees are being formed in approximately 30 participating municipalities. Prime contractor is ARD.

FY 2007 Program:

Develop and Expand Alternative Development (\$35,050,000 ACI): USAID will continue activities that expand economic and social alternatives to illicit drug crop production in selected municipalities. The program will continue to emphasize private sector participation, sustainability and increased Colombian ownership. Activities will include community level income generation efforts directly linked to the elimination of illicit crops, small scale socio-economic infrastructure investments, and local government strengthening. Prime contractors: ARD, PADF, and ACIDI/VOCA.

Improve Private Sector Competitiveness (\$36,142,000 ACI): USAID will continue providing technical assistance to mobilize private sector investment in alternatives to illicit drug production, including agribusiness production, commercial forestry and forest product development, small and medium enterprise development, and related policy reforms and institutional strengthening to create an improved economic growth-enabling environment. Prime contractor: ARD.

Performance and Results: In FY 2005, USAID made significant progress in implementing the alternative development program despite major challenges caused by continuing insecurity in target areas. USAID increased the amount of licit crops to 21,268 hectares and completed 147 infrastructure projects in seventeen departments, in known coca and poppy growing areas. The program has benefited over 20,465 families. USAID's successful alternative development program convinced small farmers to abandon illegal crop production, and enabled the generation of 41,171 full-time equivalent jobs. By FY 2008, a cumulative total of approximately 150,000 hectares of licit crops benefiting over 120,000 families and 170,000 full-time jobs will be created, and about 1,200 infrastructure projects will be completed.

US Financing in Thousands of Dollars

Colombia

| 514-008 Alternative Development | ACI | ESF | Plan Colombia |
|---------------------------------------|---------|--------|------------------|
| Through September 30, 2004 | | | |
| Obligations | 163,798 | 53,000 | 42,500 |
| Expenditures | 78,029 | 49,185 | 41,153 |
| Unliquidated | 85,769 | 3,815 | 1,347 |
| Fiscal Year 2005 | | | |
| Obligations | 67,768 | -25 | 0 |
| Expenditures | 48,230 | 1,317 | 1,089 |
| Through September 30, 2005 | | | |
| Obligations | 231,566 | 52,975 | 42,500 |
| Expenditures | 126,259 | 50,502 | 42,242 |
| Unliquidated | 105,307 | 2,473 | 258 |
| Prior Year Unobligated Funds | | | |
| Obligations | 0 | 0 | 0 |
| Planned Fiscal Year 2006 NOA | | | |
| Obligations | 67,705 | 0 | 0 |
| Total Planned Fiscal Year 2006 | | | |
| Obligations | 67,705 | 0 | 0 |
| Proposed Fiscal Year 2007 NOA | | | |
| Obligations | 68,180 | 0 | 0 |
| Future Obligations | 69,200 | 0 | 0 |
| Est. Total Cost | 436,651 | 52,975 | 42,500 |